
MUNICIPAL POOLING AUTHORITY 2007 ANNUAL REPORT

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THE YEAR IN REVIEW

The staff at Municipal Pooling Authority is once again pleased to present our 2007/08 Annual Report. This past year was a challenging one, primarily due to the personnel turnover in our accounting department. We made the necessary adjustments that will improve our ability to provide accurate and reliable financial information. We appreciate the Board's patience.

Overall, MPA had another successful year. I take this opportunity to provide the introduction and highlights. Program details are outlined in the respective sections of the report.

We returned a combined dividend of \$6.029 million in three of our self-funded programs. This certainly is timely, given the financial pressures imposed upon our members over the past months. We saw flat or declining rate renewals in the majority of our coverage lines. We expanded coverage limits in the earthquake, excess workers' compensation and liability programs.

We continue to observe a noticeable upward trend in both claim frequency and severity in the Liability program. For the second consecutive year the fund posted an operating loss. Reserves inflated by \$1.2 million. It is highly probable we will see an actuarial adjustment in response that will result in reducing fund surplus. We predict the liability program will fall further under the 90% confidence and no dividend will be disbursed next year. This trend is being tracked on our radar screen and a concentrated effort at loss prevention is warranted.

ERMA continues to be a financial challenge, but their Board approved measures to enhance the underwriting guidelines for greater member accountability. Adverse claim's experience at CARMA eroded over \$3 million in equity, necessitating a first-ever assessment.

Our Workers' Compensation program posted a year-end gain of \$1.65 million, bringing overall equity to \$9.75 million. The industry incurred a significant jump in medical expense, and we expect average claims cost to continue to increase. The program is well positioned to absorb these trends with funds held in surplus.

In sum, our programs are pinched during these difficult economic times. But our conservative funding guidelines should enable us to absorb any pricing pressures and funding requirements will remain relatively stable.

In closing, we sincerely appreciate the efforts of our membership in working closely with staff to ensure our continued prosperity in future years.

John E. O'Malley
Risk Manager/CAO

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artnering to protect the human and financial resources of our Member Cities, thereby allowing Members to continually improve their level of community services.

By:

- Stabilizing rates and operational costs;
- Providing responsive, innovative and professional risk management services;
- Exercising pro-active loss control and risk prevention programs to control costs and provide a safe work environment;

and

- Maintaining a leadership role in the JPA community.

*Adopted by the JPA Board of Directors
December 13, 2002*

In 1978, the Authority was established to provide lines of coverage for Liability, Workers' Compensation and Property for thirteen member cities. The Authority contracted for claims administration services.

CAPSULE HISTORY

• 1983 Est. self-insurance for dental, Life & LTD insurance • 1984 Liability admin brought in-house • 1986 Workers' Comp. admin brought in-house	• 1991 Established self-insured Vehicle Damage program • 1992 Implemented full service Loss Control Program Purchased office building in Walnut Creek • 1993 Joined CJPRMA excess liability pool Converted to fully insured life program	• 1994 Converted to insured dental program • 1995 <i>Cities Heart @ Work</i> Wellness Program established • 1997 Expanded MOC to provide employment liability coverage	• 1998 Manteca joined pool • 1999 Employment Risk Management Authority (ERMA) formed • 2000 Joined CARMA pool for excess liability coverage Implemented group purchase EAP Launched www.mpa-nc.com	• 2001 Manteca joined Workers' Comp. Program • 2002 Richmond & Oakley joined pool Converted LTD program to self-insured STD program; LTD portion fully insured with Prudential Financial • 2003 Sold LTD claims tail, capping financial exposure to members Oakley joined Workers' Comp. program	• 2005 Amended JPA Agreement and Bylaws Adopted <u>Municipal Pooling Authority</u> as new name • 2006 Pacifica joined Workers' Comp. program Principal Financial took over STD/LTD programs EAP moved to Managed Health Network (MHN)
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MPA proudly provides risk management and insurance services for 20 members

LIABILITY HIGHLIGHTS

The Liability program provides coverage for bodily injury, property damage, personal injury, errors and omissions, and employment practice. Nineteen of our 20 members participate in the pool. The per occurrence limit of liability for program year 2007-08 was \$25 million for each member, as follows:

- Member deductibles range from \$5,000 to \$250,000.
- MPA provides \$1 million in primary coverage, including the member's deductible.
- CARMA excess pool provides \$24 million excess of \$1 million. Due to cost and availability, CARMA raised the limits to \$29 million for the 2008-09 program year.
- ERMA provides \$1 million in limits, subject to the member's \$50,000 Self-Insured Retention (SIR).

HIGHLIGHTS:

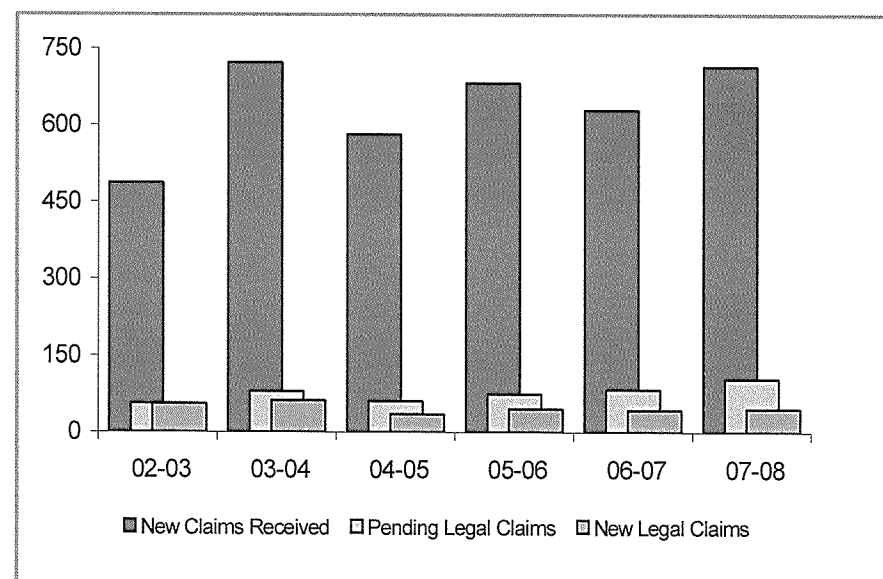
- The Liability program returned \$3 million in dividends to and collected \$444,909 retrospective premium from members for 2007-08.
- The liability program's equity decreased by (\$337,960) to \$8,240,391.
- The program's confidence funding level projects to be below the 90% confidence target.

CLAIM FILE COUNT

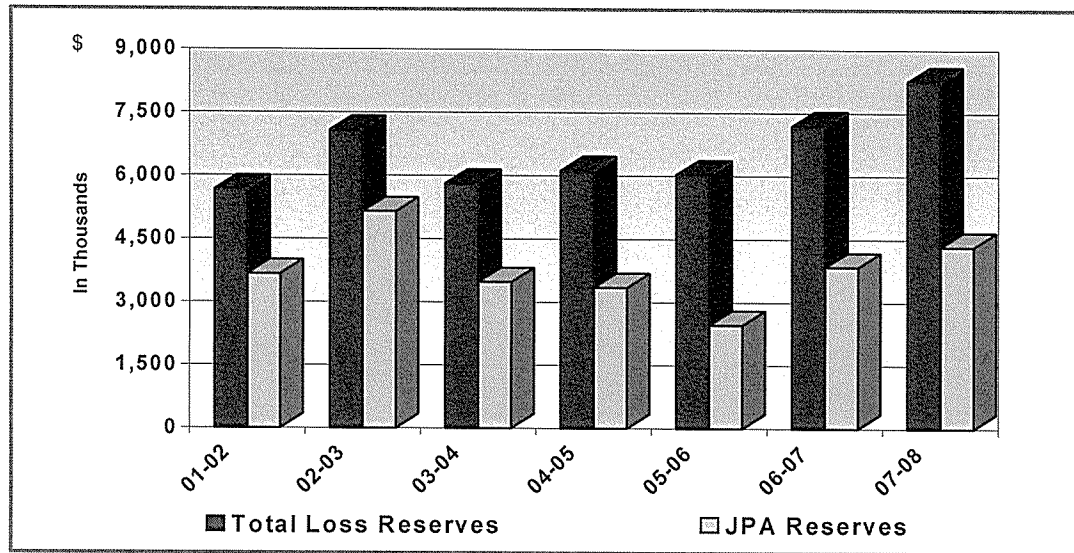
The below graph demonstrates new claims and lawsuits received as "pure physical count" from year-to-year.

The number of **new claims** received since 2003-04 continues at a historically high rate. However, a good closure rate has kept the caseload manageable.

The number of **opened lawsuits** continue at a consistent level, however, closings are low, resulting in a significant increase in pending litigated cases since 2005. This may be caused, at least in part, by a growing trend where plaintiff attorneys require more discovery and mediation to resolve claims, which also increases the cost of litigation.



LIABILITY HIGHLIGHTS



UNDEVELOPED FUTURE RESERVES

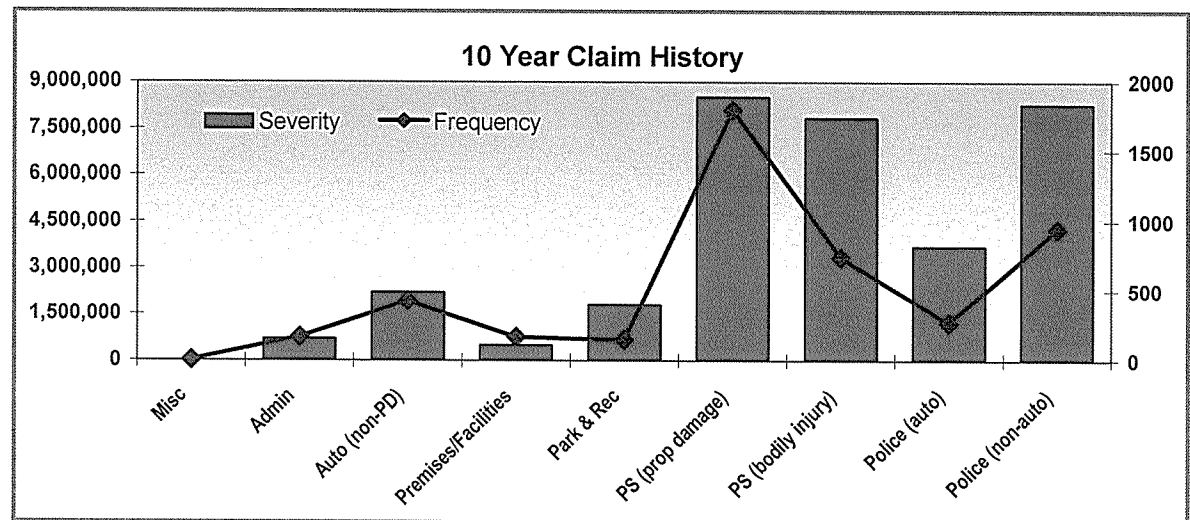
Reserves increased for the second year in a row.

A number of factors drive recent claim severity. Of late, population density, increasing traffic patterns, and infrastructure issues appear to be the cost drivers.

LIABILITY CLAIM COSTS

For most exposures, frequency and severity generally trend together. However, the last three columns on the right (Public Services (PS), Police-Auto & Police non-Auto) have noticeably higher severity than frequency. This translates into higher costs per claim than the other categories.

The driving forces include: police civil rights, drainage or landslide, and road injury claims.

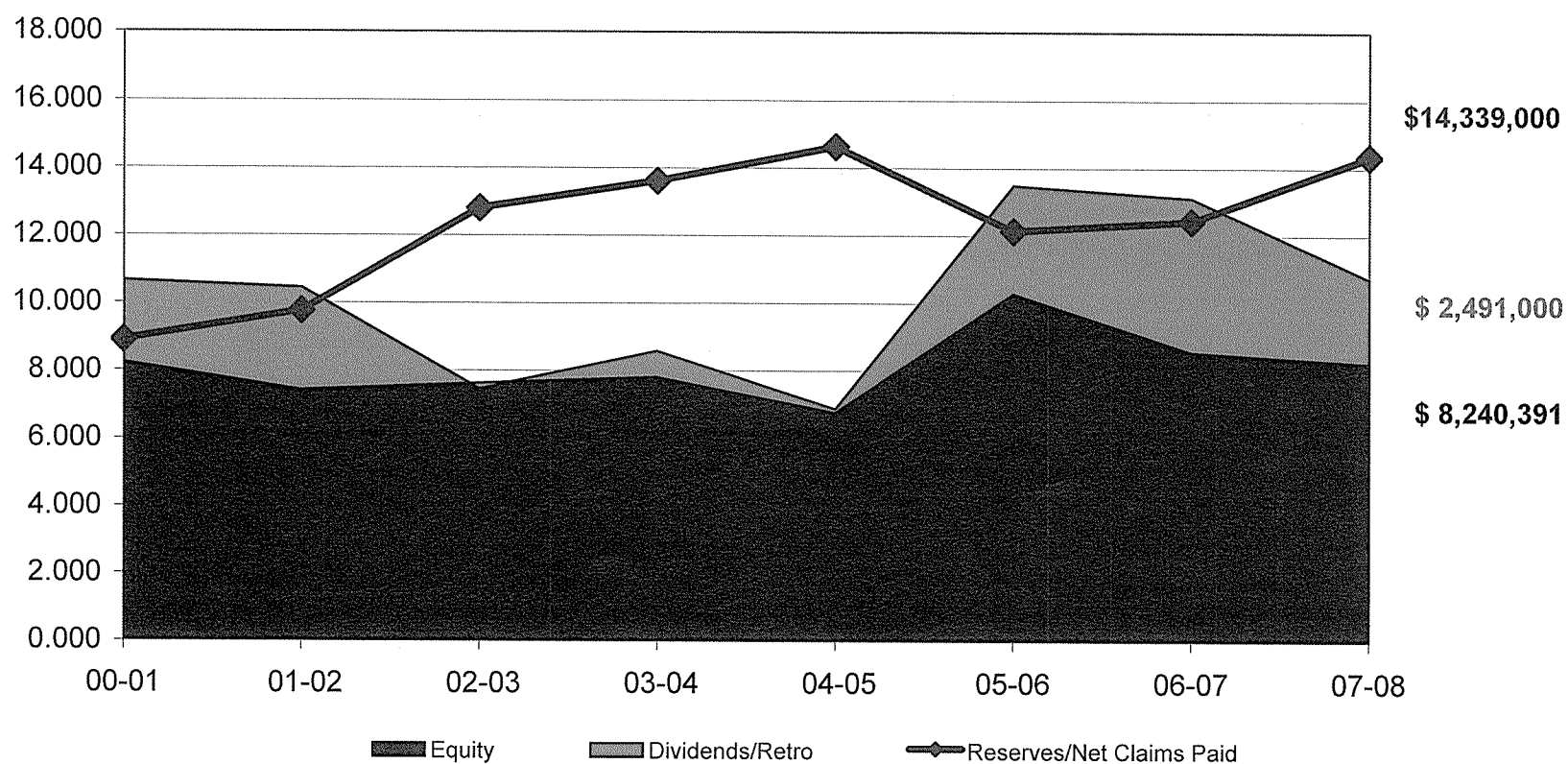


Frequency = # of losses by category over 10 years Severity = total cost of claims by category over 10 years

LIABILITY HIGHLIGHTS

- Fluctuations in Incurred Claims (*Open Reserves plus Paid Claims*) affect equity. Equity decreased (\$337,960) this year to \$8,240,391.
- Reserves/Net Claims Paid includes: paid-to-date, open and reported reserves, and IBNR (*loss development*). These numbers reflect discounted values

EQUITY / RESERVES BY PROGRAM YEAR



WORKERS' COMPENSATION HIGHLIGHTS

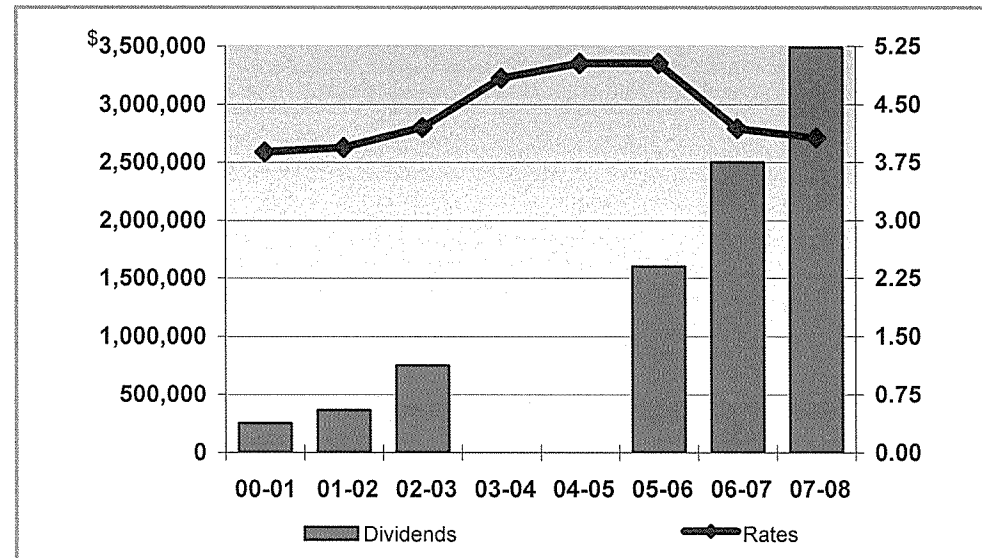
- MPA serves 18 members in our Workers' Compensation program, covering over 5143 employees and a total payroll of \$238,579,000.
- Members share exposures within a \$500,000 per occurrence retention, with excess losses covered by participation in the CSAC Excess Insurance Authority (CSAC-EIA).
- Our self-administered program uses a comprehensive and integrated cost containment system that helps to keep rates stable and ensure appropriate benefits to valued employees. This includes:
 - **RN First Call** – A toll-free injury triage and claim reporting service designed to expedite appropriate treatment and notice of new injuries
 - **Occupational Health Network** – Designated occupational clinics are the “gatekeeper” for medical care, backed by a network of preferred specialists and ancillary providers
 - **Utilization Review (UR)** – We partner with an outside UR provider to ensure that all treatment is appropriate and in accordance with State guidelines
 - **Temporary Transitional Work (TTW)** – This program ensures that injured employees are returned to medically suitable and productive work as soon as possible after an injury occurs
 - **Medical Bill Review** – All bills are forwarded for review and payment in accordance with State fee schedules and/or negotiated PPO discounts

RATES AND DIVIDENDS

Rates for 2007-08 went down 3%, to \$4.07 per \$100 of payroll. This was the third straight decrease based mostly on lower costs, better than expected claim outcomes, and system reforms.

As of June 30, 2008, the program was funded above the 90% confidence level. As a result, the program declared a dividend to its members in 2007-08 of \$3.488 million.

Industry-wide, rates are beginning to creep back up after several years of decline following the workers' compensation reforms in 2003 and 2004. The following page provides some analysis of this trend and the potential effect on MPA members.



WORKERS' COMPENSATION CURRENT SYSTEM TRENDS

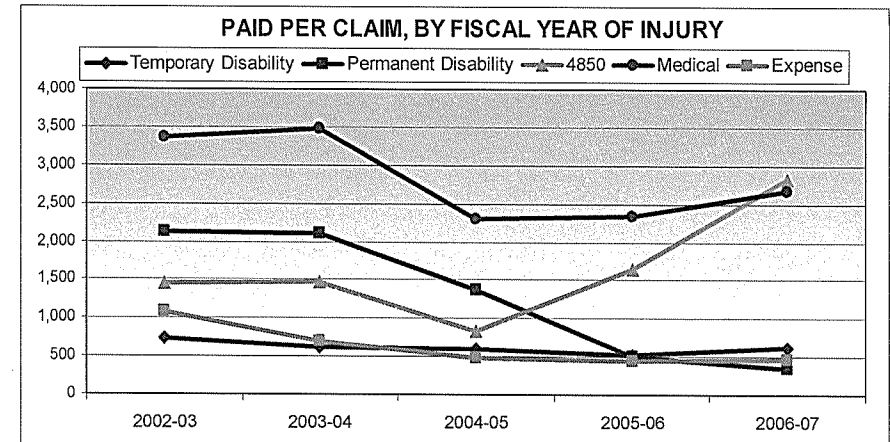
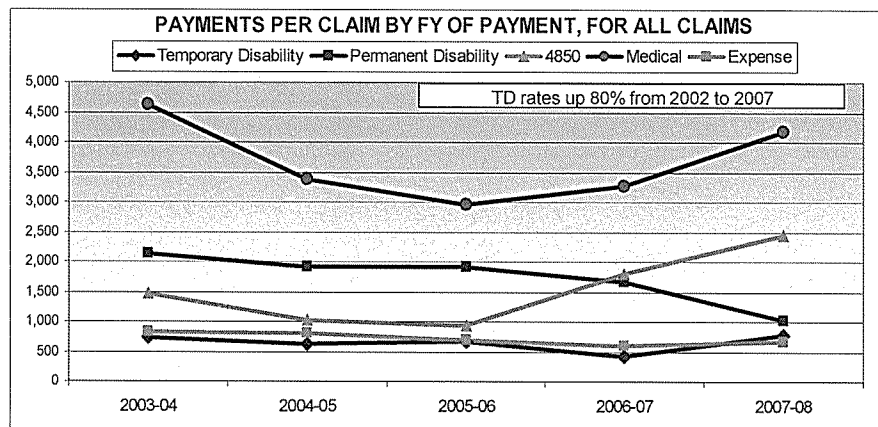
Workers' compensation costs and premiums have been on the decline since the reforms of 2003 and 2004. Reforms were aimed at reducing costs by establishing more objective, evidence-based methods for delivering medical treatment and disability benefits. However, analysts have noted a sudden and dramatic increase in medical costs since 2006. As a result of this trend, the outlook for 2008 and beyond is one of caution and concern.

MEDICAL COSTS

Among the drivers cited by industry analysts for the rise in medical costs: medical innovation and an increase in treatment options; more treatments per visit¹; higher hospital and outpatient facility costs²; and a shift toward more complex and higher-cost surgical procedures³.

According to the Workers' Compensation Insurance Rating Bureau (WCIRB), the estimated ultimate medical cost per indemnity claim in 2007 will reach over \$30,000. This represents a 13% increase over 2002, the highest year prior to the reforms. The WCIRB cited rising medical costs as the largest factor behind its filing for a 16% increase in the 2009 advisory "pure premium rate", the first increase since 2005.

These graphs illustrate that MPA has experienced higher medical severity.



Medical costs represent 47¢ of every dollar MPA spends on a claim. This area is the focus of many of our cost containment efforts, including nurse triage, bill review and utilization review.

You'll note these numbers also reflect a sharp increase in Labor Code §4850 payments. Rising medical costs can mean higher disability payments as well. A large percentage of our high-severity medical claims over the past couple of years have been in public safety.

Every year since 2004, when Senate Bill 899 was signed into law, the Legislature has introduced a number of bills that would roll back some very important components of the reforms. In 2008, these bills included:

- AB 2969 – Requires that all utilization review physicians be licensed in California, restricting physician capacity
- SB 1115 – Limits the factors that may be considered in apportioning permanent disability to non-industrial causes
- SB 1717 – Would double permanent disability payments across the board by 2011

ON THE HORIZON – LEGISLATION AND A NEW GOVERNOR

Governor Schwarzenegger will end his term of office in 2010. As champion of the reforms, he has often vetoed such legislation. It is not a stretch to say that the future of California workers' compensation may largely depend on the person elected to succeed him.

MPA stays actively involved in legislative advocacy through participation in the California Association of Joint Powers Authorities (CAJPA).

¹ "Lasting Savings from Reforms Dwindling", Workers' Comp Executive, Vol. 18, No. 16

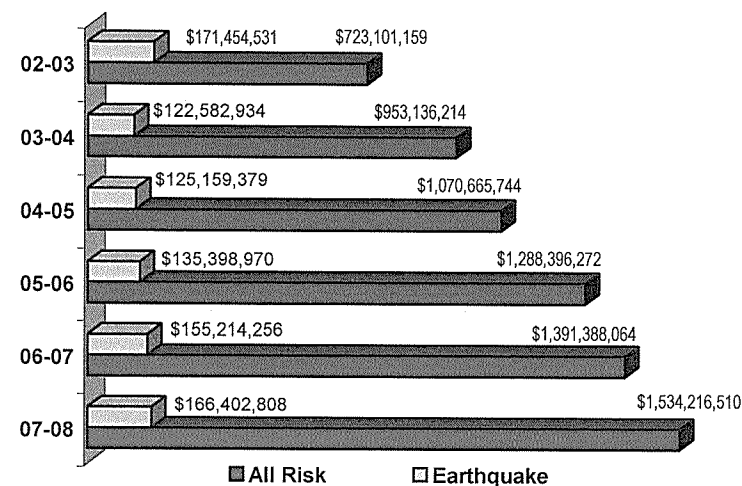
² "Comp Networks and Hospital Costs", retrieved from workcompcentral.com

³ "Analysis of California Workers' Compensation Reforms", retrieved from cwci.org/research

PROPERTY HIGHLIGHTS

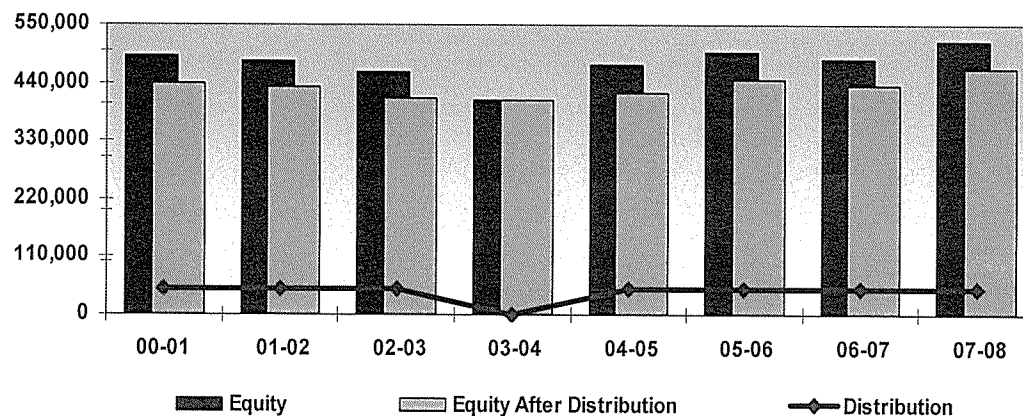
The Authority renewed coverage through the Alliant Insurance Services PEPIP program. The All-Risk policy provides replacement cost coverage for all buildings and contents, subject to a \$5,000 deductible. The policy limit is \$1 billion. The DIC policy covers all property for flood with a policy limit of \$20 million, and selected locations for earthquake with a policy limit of \$50 million. The earthquake deductible is 5% of reported value, \$100,000 minimum per location, per earthquake event and the flood has a \$100,000 minimum deductible per occurrence, except Zone A and V, which are subject to a \$250,000 deductible per occurrence.

- The PEPIP program continues to be the world's largest property insurance placement. For the program year 2007-08, all risk rates **DECREASED** from \$.0373 to \$.02963, while earthquake rates increased from \$.393 to \$.48413 per \$100 of TIV. Flood and boiler & machinery rates continued to decline. The Authority's total insured values (TIV) continue to rise.
- The all-risk rate was subsidized with \$80K surplus equity, bringing the billed rate to \$.0241429 per \$100 TIV.
- The program includes tax interruption, business interruption over the 4% included, and earthquake coverage for specific locations as reported by members.
- Building values are kept up to date with member input, professional appraisal services, and applicable inflation trends applied to buildings and contents.



VEHICLE HIGHLIGHTS

The self-funded Vehicle Physical Damage program continues to prosper. All participating member vehicles are insured for "actual cash value" subject to a deductible of \$2,000 (\$3,000 for Police Department vehicles) per occurrence for Comprehensive and Collision coverage, with a limit of liability of \$250,000.



- Over the past 9 years, \$400,000 has been returned to members in the form of a dividend. In 2005-06, rates were cut \$.05 to \$.45/\$100 ACV and remained the same through the 2007-08 program year.
- The vehicle net losses paid were significantly lower than the previous year, resulting in an operating gain of \$33,212 and year-end equity of \$467,158.
- The program continues to be well-funded. A \$50,000 dividend was declared for 2007-08. Distribution to members was calculated using an experience based modification factor, with 15 of 18 participating members receiving a credit against their premium.

BENEFIT HIGHLIGHTS

DENTAL PROGRAM

The Authority has been insured with Delta Dental since 1994. As members of the Healthcare Employees/Employers Dental Trust, our employees group with 50,000 other participants.

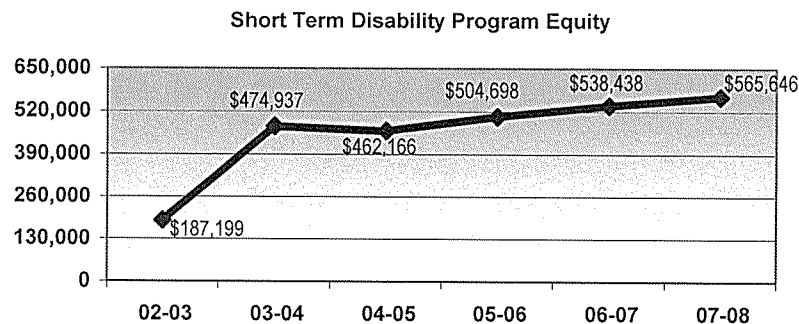
By pooling with the Trust, members enjoy enhanced rate stability and greater negotiating power at renewal.

Rates reflect each member's benefit levels, and were renewed July 1, 2008 with a 3% increase in all rate tiers.

SHORT TERM / LONG TERM DISABILITY PROGRAM

To better serve our members, on 7/1/06 the Board approved the consolidation of the Short and Long Term Disability program with the Life and AD&D program through Principal Financial, resulting in a cost savings for participating members.

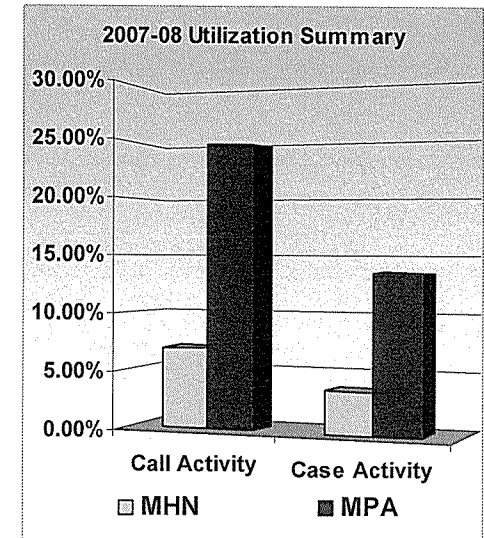
The fund continues its capitalization. In 2007-08, an actuarial study recommended further decreasing the STD rate for participating members as a result of continued good claims experience. The fund realized an operating gain of \$27,208, ending the year with \$565,646 in equity.



EMPLOYEE ASSISTANCE PROGRAM

The Authority launched a group purchase Employee Assistance Program in 2000. The Board approved the transfer of the program to the CSAC - Managed Health Network (MHN) effective 7/1/06. Participation has expanded to 16 members.

Employees continue to take advantage of the services this program has to offer, with the 2007-08 aggregate utilization remaining above industry levels. Thus, rates for 2007-08 fiscal year increased to \$3.92 per employee and were further increased to \$4.12 per employee, or 5%, for the 2008-09 renewal.



LIFE PROGRAM

The Authority's Group Life program, with 15 participating members, is fully insured through Principal Financial, as part of the bundled program with Short and Long Term Disability plan. The plan provided Basic Life and Accidental Death & Dismemberment insurance.

Rates remained unchanged for fiscal year 2007-08.

Cities Heart @ Work

FAMILY SAFETY: JUNE 2007

On-site CPR and First Aid Training with CPR kits distributed to participants

A HEALTHY WEIGHT IN 2008

FEBRUARY-MARCH 2008

Total Cholesterol/HDL/Diabetes Screening

Blood Pressure

Body Composition

Grip Strength Testing

Neck and Shoulder Massages

Healthy Weight Display, including 'Portion Pals'

Food Management Discs

John Muir & Kaiser staff on-site at some locations

HIGHLIGHT: Participants had to guess the 'number of servings' in the theater-size bucket of popcorn to win the grand prize: Back to Basics Blender Express.

FALL FITNESS - MEDITATION: OCTOBER 2007

Anne Pearce who along with her husband David, run a healing center called Intuitive Way in Walnut Creek. She instructed us in techniques to lower our stress and how to bring awareness to ourselves, in everything we do. Anne taught participants how to ground themselves and release harmful energy that may be stored in their bodies. One lucky winner at each location won a Zen Spring Fountain.

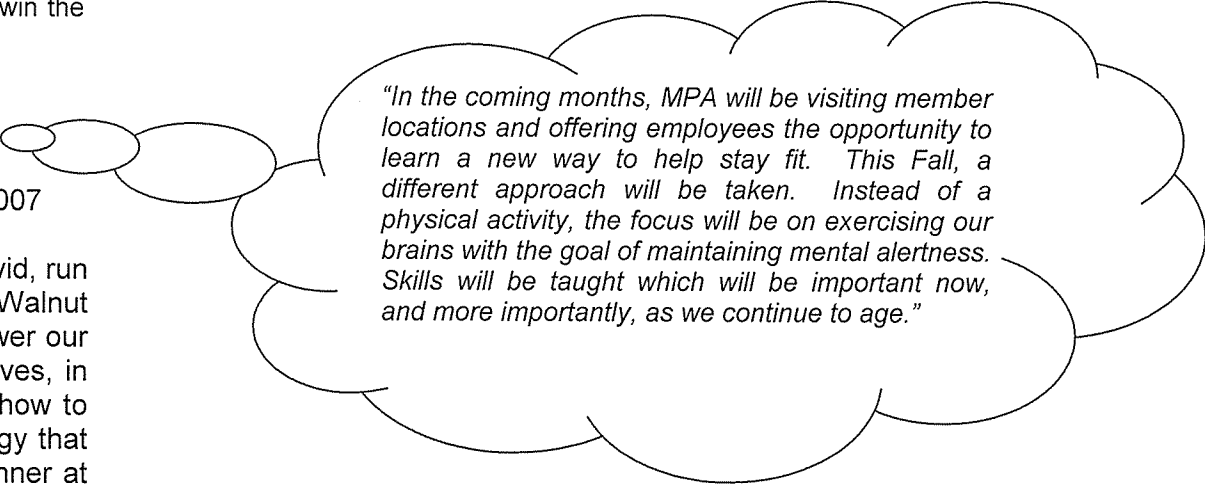
HIGHLIGHT: Employees were so energized by the workshop, many sought to further their understanding of the Art of Meditation.

WALK 'N LUNCH: SPRING 2008

One of our members' favorite activities is the Spring Walk 'n Lunch event, which is held in the years MPA does not hold the Health and Safety Fairs.

On-site walks are led by the Wellness Coordinators at each member location and participants are provided with lunch at the conclusion of their walk.

The Walk 'n Lunch will be back again in 2009! Employees can look for the fairs to return Spring of 2010.



"In the coming months, MPA will be visiting member locations and offering employees the opportunity to learn a new way to help stay fit. This Fall, a different approach will be taken. Instead of a physical activity, the focus will be on exercising our brains with the goal of maintaining mental alertness. Skills will be taught which will be important now, and more importantly, as we continue to age."

RISK CONTROL HIGHLIGHTS

LOSS CONTROL COMMITTEE

- Held two joint meetings with our Workers' Compensation department
- Provided a Cal OSHA regulatory update
- Issued the 'Lock Out Tag Out' toolkit
- Updated the overall MPA safety training plan

SAFETY TRAINING

- **SAFETY FOR LEADERS**, a magical training with John Drebringer
- **Trenching and Shoring**
- **Indoor Air Quality**
- **National Safety Council – Defensive Driving Class**
- **Conducting a Safety Inspection**
- **Safety for Outdoor Employees**
- **LOTO**



W.O.S.H. SPECIALIST TRAINING

Congratulations to 23 of our members, who graduated as WOSH Specialists, after completing a series of three risk management classes in April, sponsored by WOSHTEP (*Worker Occupational Safety & Health Training Education Program, Commission on Health, Safety & Workers' Comp – State of California*). The certification program was geared towards employees with significant health & safety responsibilities. The curriculum included core modules addressing basic topics relevant to workplace safety, as well as supplemental modules covering ergonomics, effective safety committees and workplace violence.

RMTAC

RMTAC – Police Risk Management Training Advisory Committee, continued to meet. Representatives were updated on the latest legal analysis, trends and programs in an effort to mitigate liability.

SUMMER SAFETY CONTEST

In recognition of National Safety Month, along with the fact that summertime always produces an increase in injuries, MPA continued the Summer Safety Contest! Participation was voluntary, and members were guided by the National Safety Council and MPA's Risk Control team. As a result, member summertime injuries were down.

VIDEO TRAINING LIBRARY

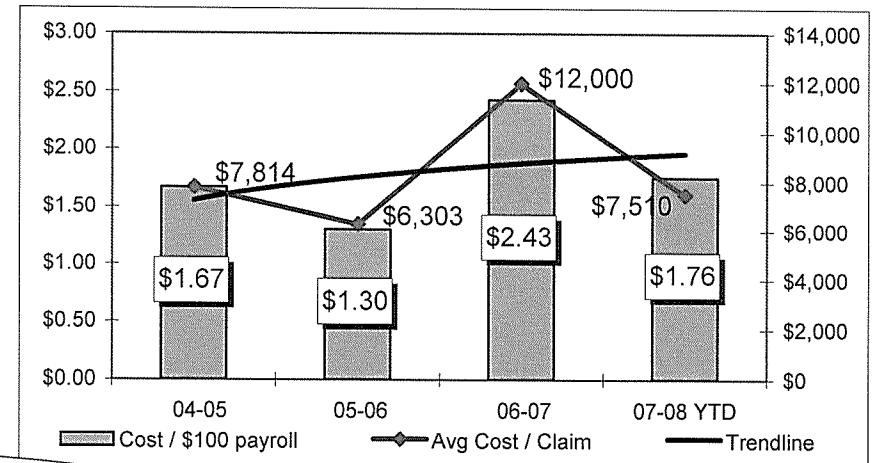
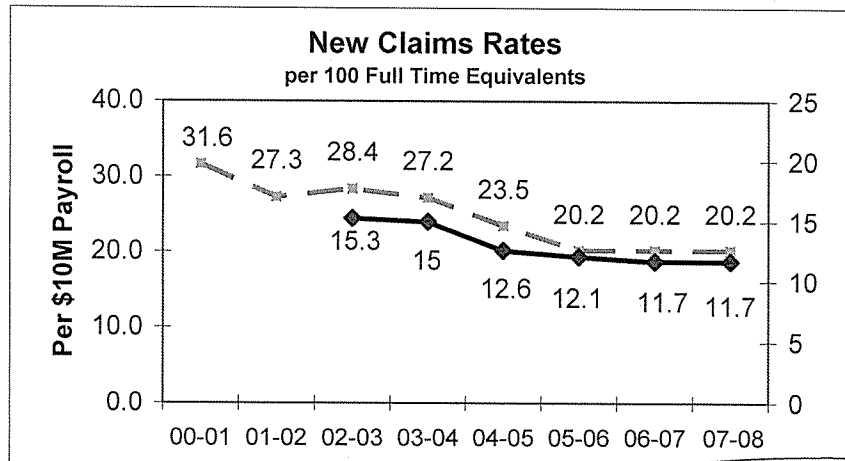
MPA maintains a library with over 200 safety training videos. Twenty new titles were added this year. The library provides access to safety training at no cost, making it easy to provide safety training to employees. The library now includes many titles in DVD format; look for more in the future.

RISKY BUSINESS NEWSLETTER

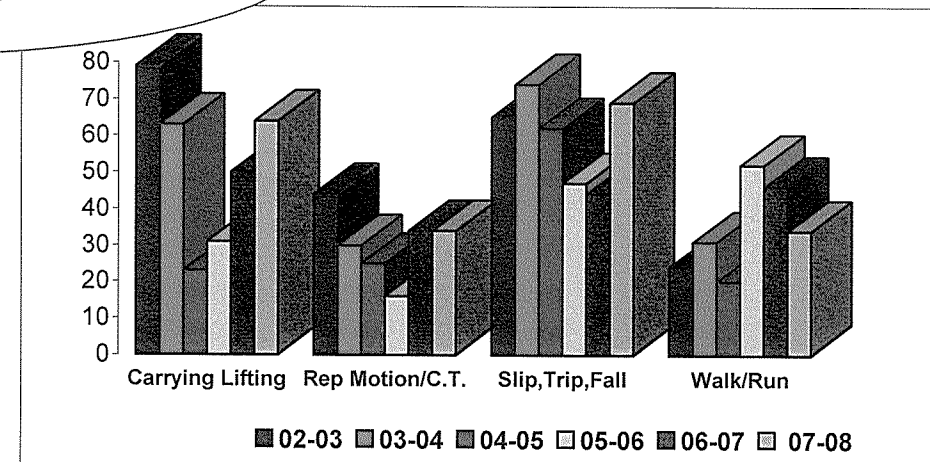
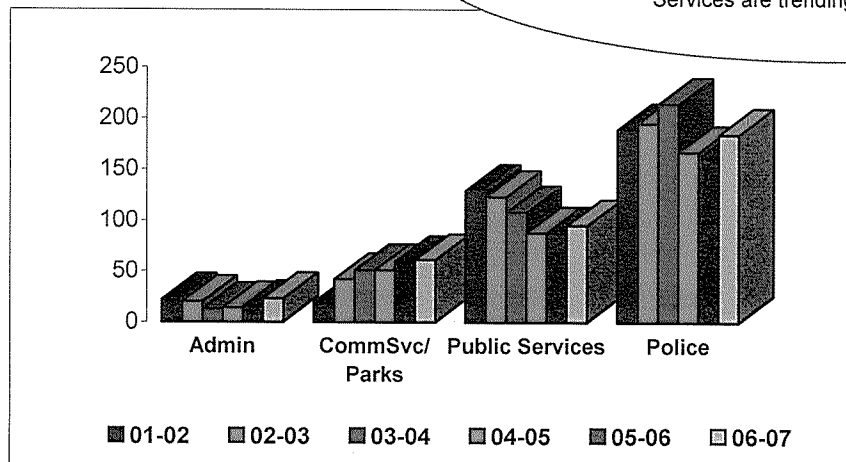
The Risky Business newsletter is distributed quarterly. Each newsletter includes a Safety Bulletin and other relevant injury prevention information, relating to both on the job and home safety. You can check it out at www.mpa-nc.com

RISK CONTROL HIGHLIGHTS: WORKERS' COMPENSATION

New employee injury rates have been "flat" for a couple of years. Additionally, the trend in injury claims costs is rising. For example, the Workers' Compensation Insurance Rating Bureau (WCIRB) is predicting that fully insured workers' compensation programs may see a 16% increase in costs in 2009.

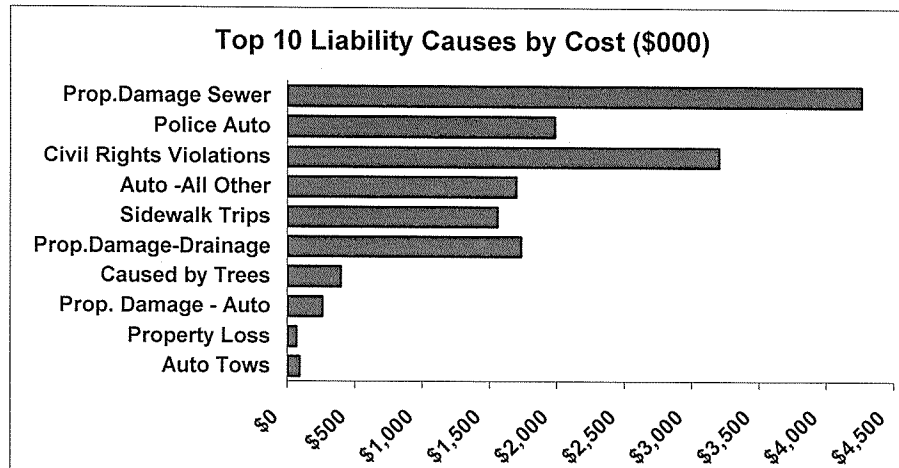
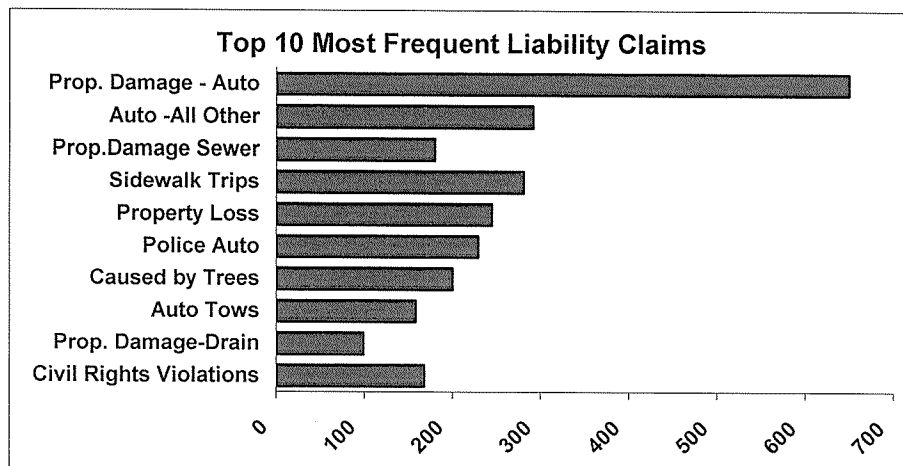


- MPA will initiate new programs in fiscal year 2008-09 to address 'carrying, lifting and ergonomic' injuries.
- Injuries in Community Services/Parks and Public Services are trending upwards.



RISK CONTROL HIGHLIGHTS: LIABILITY

Top 10 Liability Claims, for a 5-year period 7/1/03 through 6/30/08, separated by frequency and claims cost, are shown below.



- The Risk Control program has worked effectively to address auto liability through defensive driving programs, however, the majority of the liability claims and costs are for damage to vehicles and for sewer claims, which are to an extent outside the scope of our Risk Control program.
- Therefore, each member must do what they can to control dangerous conditions such as tree growth covering signs and lights, deteriorations in road conditions and sidewalk trip hazards.
- MPA can assist members through analyzing standard practices and advising where 'gaps' may exist in current risk management applications, best practices and regulatory requirements.

In fiscal year 2007-08, over 400 member employees participated in the National Safety Council Defensive Driver course. FREE

The **National Safety Council's Defensive Driving Course** was the first driver improvement course offered in the nation. Since 1964, over 50 million drivers, worldwide, have completed the course, with participation climbing by the millions each year. Nearly 40 years later, this course remains the standard for driver improvement training.

DID YOU KNOW?

MEMBERS CAN REQUEST CERTIFICATES OF INSURANCE AND VIDEOS, ONLINE?

Quick Links

Governing Body

Board of Directors

Executive Committee

Agendas & Minutes

Request

Certificate of Insurance *

MPA's Training Video Library *

Website

MPA's Risky Business Newsletter

Health & Safety Bulletin

Weather and News

Contact Us

Certificate Of Insurance

General Information:

Member: Work Ph#

Your Name: Fax

Department: E-Mail

Additional Covered Party Information:

Additional Covered Party:

Contact Name:

Department:

Street Address

City, State & Zip

Certificate Details:

Coverage		Additional Covered Party	Proof of Insurance Only	Limit of Liability Requested
Liability	☐	☐ Yes ☐ No	☐ Yes ☐ No	\$300,000 ☐
Auto Liability	☐	☐ Yes ☐ No	☐ Yes ☐ No	\$500,000 ☐
Auto Comp/Collision	☐	☐ Yes ☐ No	☐ Yes ☐ No	\$1,000,000 ☐
Workers' Comp	☐	☐ Yes ☐ No	☐ Yes ☐ No	> \$1,000,000 ☐

Members Only

User Name:

Password:

☐ Remember Login

[Forgot Password?](#)

Workers' Comp Quick Links

For the Injured Worker

How to Report a Claim

LOG ON AND FIND OUT WHAT ELSE YOU CAN DO

ONLINE REGISTRATION:

It's fast and easy, register now!

- CALENDAR OF EVENTS
- FORUM
- MODEL SAFETY PROGRAMS

Videos are available for a 14-day viewing period.

If you would like to obtain a copy of any of these tapes for viewing, please call Dixie Sala at (925) 946-4183, or fax your request to her at (925) 946-4183.

Request A Video

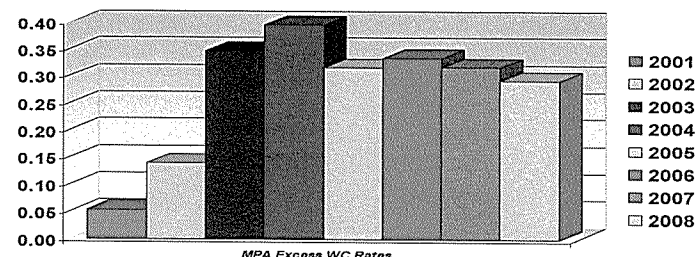
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CSAC Video List

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40	CONFINED SPACE ENTRY	Topic 40
50	CHEMICAL / BIOLOGICAL	Topic 50

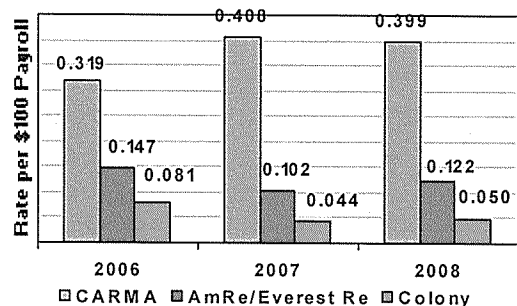
A WORD FROM OUR BROKER

MPA utilizes Alliant Insurance Services, Inc. as its insurance broker to provide MPA with access to the commercial insurance market for those risks that MPA chooses not to retain. The three main areas of insurance secured for MPA are property (*including earthquake coverage*) excess general liability, and excess workers compensation. Overall, 2008 costs saw significant improvement over 2007 as a lack of significant catastrophic losses and a well capitalized insurance market has led to a drop in insurance premiums. Overall, MPA's insurance expenditures dropped by more than \$200,000 with no significant loss in coverage. Highlights by line of coverage are described as follows:



EXCESS WORKERS' COMPENSATION: MPA renewed coverage with the CPEIA at an SIR of \$500K. The direct commercial market remains uncompetitive with pooling options in the CPEIA retained layer. CPEIA purchases excess insurance above its retained layer

- 2008 limits increased from \$300MM to Statutory
- Even with the increased limits, MPA saw a 9% rate decrease
- The City of Walnut Creek joined MPA's group purchase of this coverage



EXCESS LIABILITY: MPA purchases coverage from CARMA and Alliant is CARMA's insurance broker.

- 2007 – CARMA funded the same layer at a confidence level of 88% and increased limits from \$20 million to \$25 million.
- 2008 – For the 2nd year in a row, CARMA increased the limits available in its program, this year by \$4MM to a total of \$29MM, and at the same time reduced CARMA's retained risk by \$1MM from \$4MM to \$3MM. This greater coverage for CARMA members, with reduced risk to the CARMA pool was achieved at about a 3% increase in CARMA's overall rates.

PROPERTY:

2006: The market stabilizes. Rates increased only 1.4%

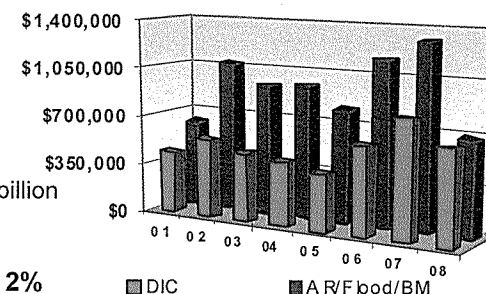
- Limits were reduced to \$350 million to stabilize rates
- Outside the PEP program, over 10% increases were not unusual

2007: Due to a mild hurricane season in 2006, rates were driven down

- MPA enjoyed a 24.7% rate decrease. Insurable values increased by 8.7% to over \$1.5 billion
- Limits increased to \$1 billion
- Flood limit increased to \$25 million

2008: Soft Market continues due to strong capitalization in the property insurance market

- Exposed values grow by 7%
- Rates decrease by 5%
- Premium up by 2%



EARTHQUAKE:

2006: MPA was able to avoid the worst of the hard market

- MPA rates increased \$.14 but, limits were also increased from \$25 million to \$40 million, and
- Values increased by \$20 million

2007: Alliant secured a Probable Maximum Loss Study for MPA, used by most earthquake insurers. This information assisted the results:

- Limits were increased from \$40 to \$50 million and values increased by \$11 million
- The limit increase resulted in a rate increase of \$.095

2008: Continued strong capacity in the market allowed for a 15% rate reduction and premium savings of nearly \$168,000

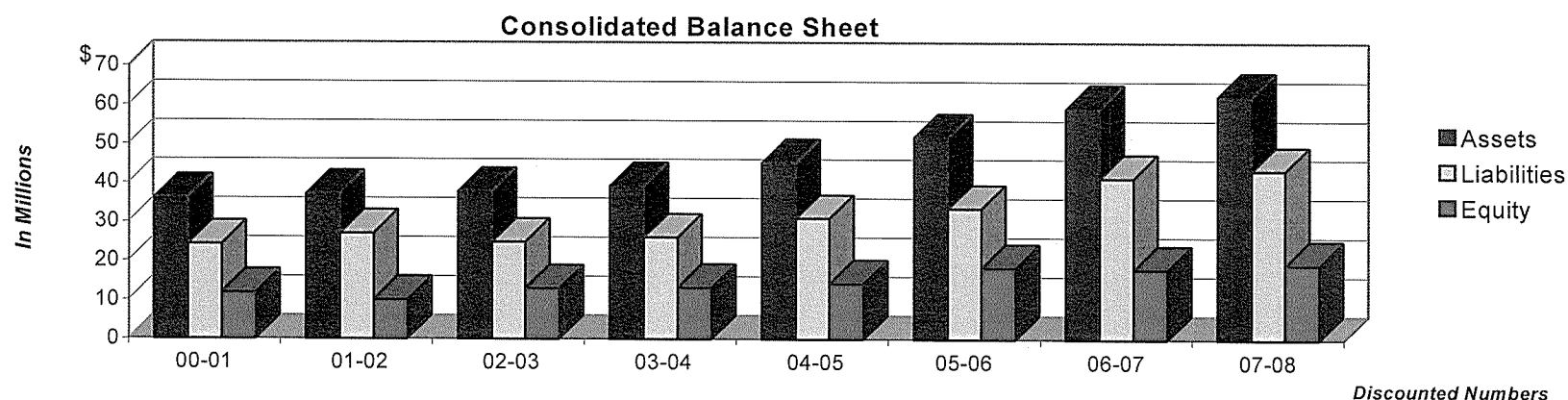
FIDELITY PROGRAM: Fifteen members of MPA participate in the fidelity program. For 2008, policy limits remain at \$1 million with a \$10,000 deductible. MPA's overall cost remained essentially flat at \$19,063.

FINANCIAL HIGHLIGHTS

- The \$1,216,956 increase in equity brings the net worth of the JPA to \$19,106,010 as of June 30, 2008. (*claim reserves discounted at 4%*)
- Dividends were declared for the Liability, Workers' Compensation and Vehicle Physical Damage programs.
- Low claim payments in the Workers' Compensation program resulted in an actuarial adjustment increase to IBNR. Should the year prove to be as successful as the initial report, the equity will be reclaimed.
- The increase in receivables is primarily due to additional premium collected under the Liability retrospective formula.

CONSOLIDATED BALANCE SHEET

	2007-08	2006-07
ASSETS		
Cash & Investments	57,254,426	54,898,286
Receivables	3,068,758	2,092,734
Prepaid Expenses	621,052	768,143
Net Fixed Assets	1,387,788	1,432,685
TOTAL ASSETS	62,332,024	59,191,848
LIABILITIES		
<i>Current Liabilities:</i>		
Unearned Premiums	596,392	686,102
Payables	1,072,371	1,127,159
Dividend Payables	7,336,471	7,423,878
Discounted Reserves & IBNR	8,604,011	5,237,546
TOTAL CURRENT LIABILITIES	17,609,245	14,474,685
<i>Non-current Liabilities:</i>		
Dividend Payables	87,769	151,833
Discounted Reserves & IBNR	25,529,000	26,676,276
TOTAL NON-CURRENT LIABILITIES	25,616,769	26,828,109
TOTAL LIABILITIES	43,226,014	41,302,794
EQUITY		
Retained Earnings	19,106,010	17,889,054

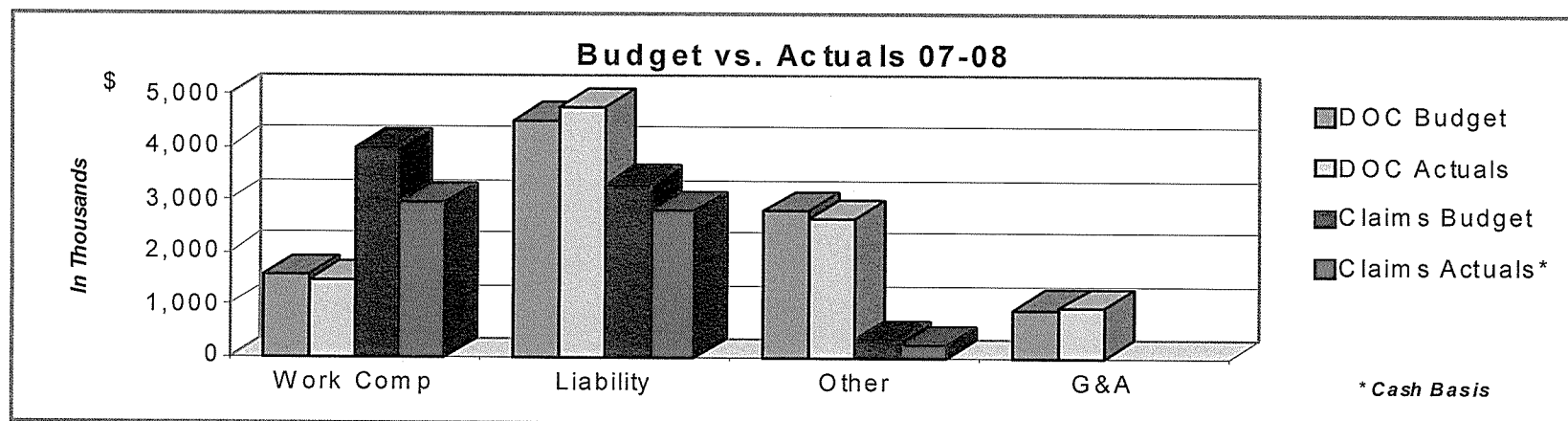


FINANCIAL HIGHLIGHTS

- The Liability program had a year-end operating loss of (\$337,960). Workers' Compensation contributed a net gain of \$1,652,693. The "Other Programs" net income/(loss) was (\$97,777), primarily due to rate subsidies in the Life and Property programs and a dividend distribution in the vehicle program.
- Reserves increased by \$2,252,724 in the Liability and Workers' Compensation programs.
- Earned investment income was \$2,722,200. Realized and unrealized losses, inclusive of fair market value (FMV) adjustments, total \$735,416.

CONSOLIDATED INCOME STATEMENT

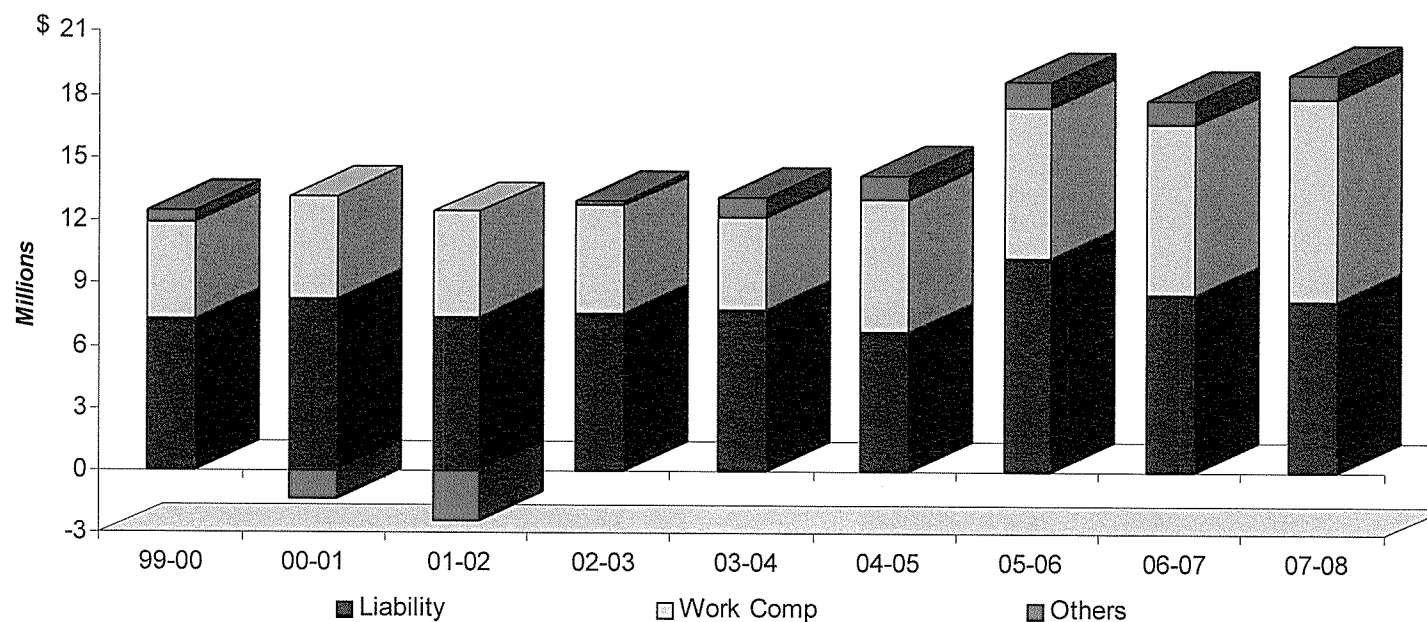
	2007-08	2006-07
INCOME		
Premiums Earned	21,220,410	19,824,104
Member Dividends	(6,029,030)	(7,096,951)
LTD Assessment	0	0
Interest Income	2,722,200	2,671,132
Change in Investment FMV	735,416	95,569
Other Income	483,249	860,572
TOTAL INCOME	19,132,245	16,354,426
EXPENSES		
Net Claims Paid	5,929,541	4,376,218
Increase/Decrease in Reserves	2,252,724	4,110,276
Claims Admin/Auditing/Actuarial	243,839	189,773
Excess Insurance	7,235,347	6,468,877
Direct Operating Costs	1,442,447	1,278,117
General & Administrative Costs	811,391	775,010
TOTAL EXPENSES	17,915,289	17,198,271
NET INCOME/LOSS	1,216,956	(843,845)



FINANCIAL HIGHLIGHTS

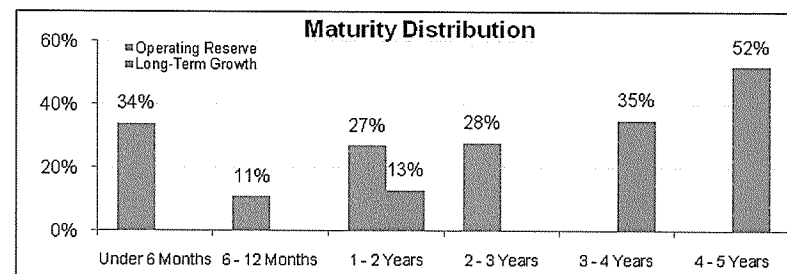
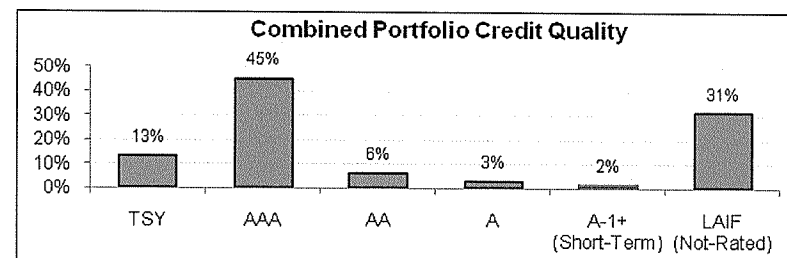
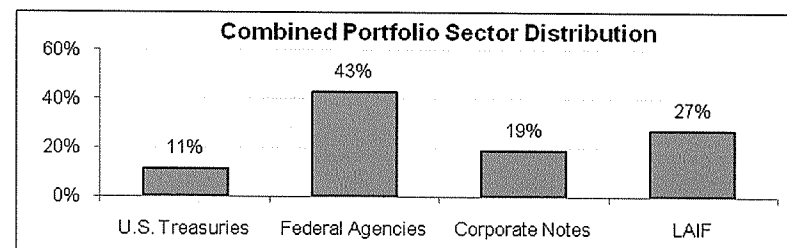
- The aggregated operating gain for all programs was \$1,216,956.
- Vehicle, Property, Long Term Disability, Life, Wellness and Facilities Management make up *Other Programs*. Property and Life rates were set to intentionally deplete equity surplus in these two programs.

EQUITY POSITION ANALYSIS BY PROGRAM



INVESTMENT HIGHLIGHTS

- The Authority's portfolios are in compliance with the California Government Code and the Authority's Investment Policy.
- Safety has always been PFM's primary goal in managing MPA's portfolios. The turbulent state of the financial markets over the past twelve months has reinforced the importance of this approach. PFM's proactive approach to limiting credit risk has helped the Authority avoid the problems that other investors have encountered.
- MPA's aggregate portfolio is of very high credit quality; the average credit rating is "AAA," excluding LAIF. Additionally, the portfolios are well-diversified among a variety of issuers and maturities.
- Over the past year, the financial markets were dominated by the deterioration of the housing and subprime mortgage markets. Lingering investor concerns fueled a "flight to quality" as investors sought the relative safety of U.S. Treasury securities. The 2-year U.S. Treasury was 4.88% on June 29, 2007 and ended the fiscal year at 2.62%.
- The significant decline in yields led to market value appreciation in the portfolios for the fiscal year ended June 30, 2008. These are unrealized gains that will change as market conditions change.
- The Federal Reserve aggressively lowered the fed funds target rate from 5.25% in June 2007 to 2.00% on June 30, 2008, which helped to steepen the yield curve and make intermediate-term securities attractive once again. When rates started to fall, PFM captured good value in intermediate-term securities for both portfolios. The ability to lock in these rates has tremendously benefited the Authority's earnings potential, as evidenced in the table in the lower right hand corner.



	2Q08	1Q08	4Q07	3Q07
Operating Reserve Portfolio (Yield at Cost)	4.23%	4.70%	4.83%	4.99%
ML 1-3 Year U.S. Treasury Index (Yield)	2.49%	1.60%	3.10%	3.99%
Long-Term Growth Portfolio (Yield at Cost)	4.66%	5.26%	5.26%	5.20%
ML 3-5 Year U.S. Treasury Index (Yield)	3.14%	2.16%	3.29%	4.12%

STAFF

Jake O'Malley	<i>Chief Administrative Officer/Risk Manager</i>
Rick Buys	<i>Liability Claims Manager</i>
Janet Selby	<i>Workers' Compensation Claims Manager</i>
Teri Pacioni	<i>Administrative Services Manager</i>
Charles Boettger	<i>Loss Control Supervisor</i>
Karol McCarty	<i>Senior Accountant</i>
Dixie Sala	<i>Risk Control Coordinator</i>
Anthony Allenza	<i>Liability Claims Adjuster</i>
Melene Maxfield	<i>Liability Claims Adjuster</i>
Sally Chin	<i>Administrative Assistant to the Managers</i>
Shirley Purmort	<i>Liability Claims Clerk/Typist</i>
Lisa Poirier	<i>Workers' Compensation Claims Examiner III</i>
Sue Lamberts	<i>Workers' Compensation Claims Examiner II</i>
Candance Pierson	<i>Return to Work Coordinator/Claims Assistant</i>
Marylú Irizarry	<i>Workers' Comp Claims Clerk</i>

CONSULTANTS

Alliant Insurance Services	<i>Brokerage Services</i>
Bickmore Risk Services	<i>Excess Administrators/Actuarial Services</i>
Sampson & Sampson	<i>Financial Auditors</i>
Public Financial Mgmt., Inc.	<i>Investment Services</i>
Liebert, Cassidy & Frierson	<i>NorCal Consortium</i>
CDT, Inc.	<i>Drug and Alcohol Testing & Consultation</i>
Aon eSolutions	<i>Claims Software Computer Services</i>
CBiz	<i>Property Valuation Services</i>
Principal Financial	<i>STD/LTD Administrator and Insurer; Life and AD&D Insurer</i>
Dublin Risk Services	<i>Dental Plan Administrator</i>
ComplQ	<i>Workers' Compensation Medical Bill Review Service</i>
Managed Health Care (MHN)	<i>Employee Assistance Program</i>
Charlotte Hemker-Smith	<i>General Counsel</i>

MUNICIPAL POOLING AUTHORITY
Of Northern California

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City of Lafayette Staff Report

For: City Council
By: Mark Robbins, Code Enforcement Officer
Date Written: October 21, 2008
Meeting Date: October 27, 2008
Subject: Code Enforcement Activity

Introduction / Discussion:

The attached table delineates code enforcement cases opened and closed in the previous month (9/08), as well as running totals of cases, both opened and closed, year to date. Updated activity reports will continue to be posted to the "Consent Item" section of Council agendas, unless otherwise requested by the City Council or Administration.

CODE ENFORCEMENT ACTIVITY

<u>TYPE OF VIOLATION</u>	<u>NUMBER OF COMPLAINTS RECORDED- PREVIOUS MONTH (9/08)</u>	<u>NUMBER OF COMPLAINTS CLOSED- PREVIOUS MONTH (9/08)</u>	<u>NUMBER OF COMPLAINTS RECORDED- YEAR TO DATE</u>	<u>NUMBER OF COMPLAINTS CLOSED-YEAR TO DATE</u>	<u>TOTAL ACTIVE FILES</u>
MULTIPLE LMC PROPERTY VIOLATIONS			20	13	7
JUNK, TRASH, DEBRIS	1		4		4
TRASH CONTAINERS (Left out for more than 48 hours)					0
NON-OPERATIONAL / UNREGISTERED VEHICLES (Private and public property)	1		7	1	6
TREE PROTECTION	2		5	3	2
LIVING IN RV					0

COMMERCIAL VEHICLE IN RESIDENTIAL ZONE					0
BUILDING AND ZONING (permits, setbacks, grading)	2		6		6
ENCROACHMENT IN PUBLIC RIGHT OF WAY	2		4	1	3
OPERATING BUSINESS IN RESIDENTIAL ZONE					1
LAND USE VIOLATION			5		5
NOISE ORDINANCE			3		2
HOURS OF CONSTRUCTION VIOLATIONS	1		2		2
CONST. MATERIALS / DEBRIS / EQUIPMENT (Visible during construction or when left on site after jobs have been completed or stalled)			1	1	1
RV / OTHER VEHICLE (Unscreened or in setback)	2		6	1	7
ILLEGAL DUMPING	1		2	1	1
LIVESTOCK					0
CONDITIONS OF APPROVAL VIOLATIONS			4		4
SIGN ORDINANCE (Commercial)	3		3		3
SIGN ORDINANCE (Political)	3		3		3
SIGN ORDINANCE (Real Estate)					0
<u>TOTALS</u>	18		75	21	57

RECOMMENDATION

Receive and file.